

DEPARTMENT OF WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SOLUTIONS
ADMINISTRATOR'S MEMO SERIES

NOTICE 01-12

ISSUE DATE: 06/06/2001
DISPOSAL DATE: 08/31/2001

RE: FEDERAL CONSUMER
PRICE INDEX (CPI) ERROR

To: W-2 Agency Directors
County Department of Human Services Directors
Tribal Chairpersons/Human Services Facilitators
Nursing Home Directors
Advocacy Groups

From: Eric Baker /s/
Division Administrator
Division of Workforce Solutions

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Division Administrator
Division of Health Care Financing

We are sending this letter now to provide background information about the reason that it is necessary to add another processing cycle to CARES this summer and to provide lead time for planning for the workload associated with the change.

The federal government made a mistake in calculating the CY 2000 Consumer Price Index (CPI). The CPI is used to calculate cost of living allowance (COLA) increases in federal payments and benefits.

The federal CPI error means that federal benefit rates have been incorrect since January 1, 2000. These benefits include all social security benefits, SSI benefits, Veterans benefits, and a whole host of other payments to our customers. Each federal agency is working on a plan to address this problem. The Social Security Administration has been given approval for their plan and is proceeding with implementation of its corrective actions.

The Social Security Administration (SSA) will:

- Issue a reimbursement check for social security beneficiaries in late June or early July 2001. This benefit check is expected to be between \$12 and \$36 per beneficiary.
- Issue a reimbursement check for SSI recipients in late June or early July 2001. This benefit check will be the exact amount that they were underpaid since January 2000.

- Correct on-going payments for both SSI and other social security benefits beginning August 1, 2001.

How will this affect Medicaid, Food Stamps, child Care, and Wisconsin employment program eligibility processing?

All programs will disregard the one-time reimbursement payments from federal programs due to the CY 2000 CPI Error.

Wisconsin must now update our eligibility systems to show proper amounts for the future. This means that we have to re-run the CARES Cost of Living Allowance (COLA) mass change (a/k/a: Conversion) that is normally run in December of each year and update the records for 85,000 cases with social security or SSI benefits. This doubles the amount of processing of Social Security increases this year, but it will assure that we are counting benefits correctly for Medicaid and Food Stamps.

In the CARES COLA Mass Change, we automatically:

- Update the social security and SSI unearned income payment amounts;
- Update the Medicaid SSI-related income limits;
- Update the Medicaid Institutional Income limits;
- Re-run eligibility for all 85,000 cases;
- Update the Medicaid Community Waivers Group B and C income limits; and,

DWD will also issue an Operations Memo in July 2001 listing the new income limits and more detailed information about the COLA mass change.

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